



# State of Utah

## DEPARTMENT OF COMMERCE Committee of Consumer Services

Minutes of the Meeting of the Committee of Consumer Services held in the Heber M Wells Building, Salt Lake City, Utah 9 January 2007

Dee Jay Hammon called the meeting to order at 9:40 a.m. in 474, 4<sup>th</sup> floor, Heber M Wells Building, 160 East 300 South, Salt Lake City, Utah.

### Members of the Committee in Attendance:

Dee Jay Hammon  
Betsy Wolf

Robert McMullin  
Kelly Casaday

Franz Amussen

### Staff in Attendance:

Michele Beck  
Reed Warnick  
Keyser

Dan Gimble  
Kevin Hale

Paul Proctor  
Ronnie Drake Chris

### Members of the Public in Attendance:

Steven Oberbeck  
Roger Ball

Dave Anderton  
Claire Geddes (on phone)

Gary Robinson  
Barrie McKay

### 1 Administrative Matters

#### 1.1 Welcome and Apologies for Absence

Dee Jay welcomed all those in attendance.

#### 1.2 Date and Location of Next Committee Meeting

The tentative date scheduled for the next Committee Meeting is 13 February 2007.

#### 1.3 Approval of Minutes from Prior Committee Meetings

Franz Amussen motioned for the Committee to approve the 18 July 2006 meeting minutes. Robert McMullin seconded the motion and it passed unanimously.

#### 1.4 Introduction of Michele Beck, New Committee Director

Dee Jay thanked Reed Warnick for being the Interim Director. Michele Beck

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introduced herself and briefly reviewed her qualifications in the utility industry.

## 2 Public Comment

## 3 Natural Gas

### 3.1 DSM Programs relating to CET

Cheryl discussed the Conservation Enabling Tariff (CET) settlement Stipulation that the Committee was a party to, including provisions for Demand Side Management (DSM). As a result of the Stipulation, a Natural Gas DSM advisory Group would be established and a three-year pilot program for DSM and energy efficiency.

The Company retained Nexant to prepare a market characterization report to provide DSM programs. Based on input from Nexant and from the DSM Advisory Group, Questar Gas is proposing comprehensive energy-efficiency programs and initiatives for Commission approval. The Company is proposing five DSM programs targeting specific market segments. In addition, the Company is proposing a market transformation initiative to support the five programs.

The total budget for the first year of the Questar Gas DSM programs and market transformation initiative assumes a full year of operation and is estimated at \$7 million.

Questar is requesting approval of its DSM Application from the Commission, effective January 1, 2007.

### 3.2 GSS-EAC Tariffs

In March 2005, representatives from Beaver County sent a letter to the Commission indicating that the GSS-EAC rate “surcharges” placed rural communities at a competitive disadvantage when attempting to attract new business to their areas. On September 2005 the interest rate was lowered from 13.86% to 9.64%; this reduced the EAC charges and made them more consistent with the GSS rates.

On January 23, 2006, the Joint Applicants proposed: (1) eliminating the GSS rates and (2) establishing a task force to address policy issues regarding EACs and future expansion requests. The Commission ordered the creation of a task force to address GSS-EAC issues and to make appropriate recommendations.

Dee Jay asked about future expansion of service to rural communities. Eric answered that the majority agreement in the task force was that any isolated community seeking natural gas service should either have funding in place before the Utility begins work on an expansion project or these communities should seek

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legislative assistance in supporting such projects.

Roger Ball stated that the Committee should look out for the majority of consumers. These communities that have entered into these contracts should pay out the remainder of the amount and it should not be placed on the majority of the consumer gas bills, even if the amount is 19 cents a month to each consumer. Roger strongly suggests that the Committee oppose Questar Gas.

### 3.3 Gas Mgt. Program—Update on Ball-Geddes Appeal

On January 6, 2006, the Public Service Commission (PSC) approved the Questar Gas (QGC) Management Cost (CO2 processing) Stipulation that the Committee (CCS) entered into with the Division of Public Utilities (DPU) and Questar Gas. Roger Ball, Claire Geddes, and 54 other consumers have appealed the PSC decision to the Utah Supreme Court. On 5 December 2006 the CCS, DPU, QGC, and PSC have filed independent response briefs with the court opposing the appeal. Appellant's reply brief is due on 5 February 2007. The Utah Supreme Court has scheduled oral arguments for 27 February 2007, at 9:00am.

### 3.4 Green Sticker Program

Recently, a statistical sample of 376 home owners, 47 renters was undertaken to determine the effectiveness of the Green Sticker program. The results indicated that 40% of appliance had green stickers.

Roger asked if data had been collected on which appliances had a Green Sticker on them but were not adjusted correctly. Also in Emery County, roughly 2000 customers (40%) were already essentially set in the correct range....likely, 30% of appliances have already been adjusted.

## 4 Electricity

### 4.1 PacifiCorp's 2012 RFP—PSC Order

The RFP was filed on 21 December 2006. PacifiCorp has indicated that it will comply with the Public Service Commission's (PSC) suggestions and resubmit the RFP for approval.

### 4.2 Multi-State Process (MSP) Status

A meeting is planned for 30 January 2007. Two items will be discussed: (1) Renewable Portfolio Standards (RPS)-related issues and resources choice differences among PacifiCorp states and (2) the Company will bring forward a number of items for the group participants to work on.

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#### 4.3 California SB 1368 – Resource Implications for the West

California has made strong commitments to use renewable energy and energy efficiency to meet its energy needs. We are interested in what California does because it affects the entire West.

California has decided not to take power from the Intermountain Power Project (IPP) coal plant. IPP is one of PacifiCorp's RFP benchmark resources and California's decision may allow PacifiCorp to obtain a larger portion of the IPP Unit 3. PacifiCorp is currently scheduled to take 340 MWs or a 37.8% share of the unit's output. IPP Unit 3 has a planned commercial operation date in the summer of 2012. However, there is an issue with the air permit that could effect the planned operational date.

As in other areas of the country climate change has become an issue in Utah. As part of the MEHC acquisition a Climate Change Working Group has been established to review steps PacifiCorp can possibly take to reduce emissions.

#### 4.4 Irrigator Load Control Program

PacifiCorp is proposing a new DSM load control program that will pay Utah irrigators to curtail their loads during specific days and hours. Irrigators will be provided information about the voluntary program and asked for a commitment to participate. Irrigators who agree to participate will be given a schedule of when they will not be able to use their pumps for irrigation.

#### 4.5 New Utah Irrigator Load Study

#### 4.6 PacifiCorp 2006 Rate Case—Public Service Commission Order

Public Service Commission (PSC) Order approved Stipulation on 1 December 2006. The PSC decision on residential rate design is: \$2 customer Charge and an 8.7% increase to each energy block.

### 5 Telecommunications

#### 6 2007 Utah Legislative Session—Proposed Bills

Energy efficiency continues to be pushed at the Capital this year. Ralph Becker sponsored a resolution supporting energy efficiency. The resolution supports the Governor's challenge to state employees and citizens to increase energy efficiency 20% by 2015.

### 7 Committee Outreach

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Committee Staff and Members have visited with President Valentine, Senator VanTassell, and Senator Greg Bell this month. Legislators welcomed Michele Beck to the state & expressed appreciation for the Committee's work

8 Professional & Technical Contracts

8.1 Extension of contract with Nancy Kelly

Robert McMullin motioned that the Committee extend the termination date to 31 March 2007 to allow Nancy to continue to assist the Committee. Franz Amussen seconded the motion and it passed unanimously.

8.2 Contract Amendment with Larkin & Associates

Franz Amussen motioned that the Committee approve the allocation of an additional \$54,194 to allow Larkin & Associates to continue to provide expert assistance for the Committee. Betsy Wolf seconded the motion and it passed unanimously.

9 Closed Meeting – Strategy Sessions to Discuss Pending or Reasonably Imminent Litigation

9.1 GSS-EAC Tariffs Docket #06-057-T04

10 Motions on Matters Discussed in Closed Meeting

Robert McMullin motioned that the Committee take the following position on the GSS & EAC filing: (1) The GSS & EAS rates do not now appear to be just & reasonable. (2) Any revenue impacts stemming from changing those rates should be fully considered in a general rate case.

Franz Amussen seconded the motion and it passed 4-1. Betsy Wolf opposed the motion.

11 Other Business

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